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LOCATION OF THE HEADQUARTERS OF THE GROUP

At the meeting convened under paragraph 22(d) of the terms of reference of the International Copper Study Group in Geneva on 23 and 24 January 1992, the representative of Chile presented his Government's offer to host the headquarters of the Group in Santiago, Chile, and circulated informally a note (reproduced in annex I below). Any other proposal received subsequently shall be presented in an addendum to this document.

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Annex I

ELEMENTS IN FAVOUR OF THE ESTABLISHMENT OF THE HEADQUARTERS OF THE INTERNATIONAL COPPER STUDY GROUP IN CHILE

The headquarters of an international organization should be linked to the circumstances which motivated its establishment, to the purposes pursued, and to the conditions which the country offering the headquarters offers. That is, a place which will permit the organization to carry out its objectives effectively.

Objectives of the International Copper Study Group

The International Copper Study Group is coming into being as an answer to several concerns about the world copper economy. The main reasons for the creation of this new organization are the slow increase in copper demand, the uncertainty associated with price instability and the future course of the market. Such issues lead governments to intervene in the market and to adopt a policy which may be harmful to the interests of other countries or to the industry and copper market as a whole.

As a result, the need arises for all participants in the market, both producers and consumers, to examine their common problems and reach mutual understanding, rather than acting in accordance with what each believes to be their own interests. A continuous dialogue of this nature is conceived as a way of extending such understanding. Another important goal is greater transparency of the market. It is estimated that the use of more complete, reliable and up-to-date statistics, as well as special investigations, would reduce errors which companies may make when defining their market strategy, or governments when conceiving and applying their basic policy.

Consequently, transparency of the market and a continuous dialogue to harmonize all the interests at stake are the main objectives of the International Copper Study Group.

Such objectives were set forth in the mandate of the International Copper Study Group, which, in describing the objectives of the Group, refers to: "2. Intensify international cooperation on issues related to copper, improve available information on the international copper economy and serve as an adequate setting in which governmental consultations on copper may be discussed". Considering the above objectives, the Group assigned itself the following functions:

(a) To organize proposals and information exchanges on the international copper economy;

(b) To improve copper statistics;

(c) To evaluate periodically the market conditions and the prospects of the copper industry;

(d) To perform investigations on issues of interest to the Group;

(e) To undertake activities related to the efforts exerted by various organizations in order to develop the copper market and to contribute to the copper demand;

(f) To research the problems and special difficulties that exist or could arise in the international copper economy.

Proposal of Chile

Chile supports the dialogue and exchange of information between producers and consumers of copper, and has always been willing to participate very actively in every international request, at a governmental level, as long as such participation does not lead directly or indirectly to the formation of agreements such as cartels, to intervention in the market or to interference in a country's sovereign right to establish its own domestic policies, be they economic, social, ecological or labour policies.

For these reasons, Chile supported the creation of the International Copper Study Group.

According, and in view of its vast experience and mining potential, Chile has proposed to all countries that have joined the Group that the Headquarters of the Group be located on its territory. This proposal is based on the following considerations:

(a) Chile is the world's main copper producer and exporter; it has acquired important technology, a good infrastructure and a large and rich experience in mining activity.

(b) In 1990, Chile continued to occupy the leading position in the world production of mine copper, producing 1,588,400 MT of metal, or 17.3 per cent of the world production.

(c) At present, Chile exports copper to more than 45 countries, reaching the most important markets of Western and Eastern Europe, America and Asia; in 1990, Chile contributed 29.2 per cent of the total copper exports. These factors have allowed Chile to gain extensive knowledge of the behaviour of the international copper market.

(d) Moreover, national production of copper is expanding, and it is estimated that in the year 2000 it will reach 2.7 million MT of metal, an increase of 50 per cent with regard to actual production levels.

(e) Furthermore, Chile has been developing important mining technology and has acquired a know-how which will enable it to rise to new and important challenges.

(f) These and other conditions have attracted to Chile the most important mining investors in the world, all of whom are undertaking major projects in the country.

With regard to metal consumption, Chile has also carried out a number of activities, the most important being the establishment of a copper promotion centre: PROCOBRE. For four years, this centre has performed a key task in the field of copper promotion, not only in Chile but also in the rest of South America, namely the financing of projects to investigate new uses of copper. Also, through Codelco-Chile, and other national producers, our country has become one of the most important actors in stimulating the promotion of copper around the world.

It must be further underlined that in Chile a governmental organism exists, whose fundamental function is the analysis of the copper market: The Chilean Copper Commission. This institution, created in 1976, follows the evolution of the copper industry and market and studies the different elements which influence market behaviour. In this way, the Commission maintains complete, up-to-date and reliable statistics, and carries out investigations on the most important aspects of the metal market.

Chile is a country in which copper mining occupies a central position and, as such, will allow the Group to make use of valuable human and technical resources.

Thus, if the Headquarters are established in Chile, the Chilean Copper Commission will provide the Group with office space (located in Santiago, Huérfanos Street N° 1160, Office 712) where the Group can operate without paying rent for a period of five years.

The Chilean Copper Commission would further offer the Group staff support, together with all the statistics and research material it receives from the industry and copper market; consequently, the Group would not need to incur major expenses during its first period of operation. The Commission is ready to work in close collaboration with the Group, providing it with all its experience and knowledge.

Finally, Chile promises to grant concessions and exemptions which the Group may require.

Conclusions

The International Copper Study Group strives to achieve greater co-operation between copper producers and consumers, as well as an increased transparency of the copper market.

Chile is the major producer and exporter of copper, and has been actively trying to gain a greater knowledge of the market and increased contact with the consumers. These activities have been centered on the continuous improvement of copper statistics, the permanent evaluation of the market and of copper perspectives, the study of the

specific problems of such a market, and the promotion of new uses for copper. These activities find a perfect counterpart in the functions which the Group has assigned itself in order to carry out its objectives.

The extensive knowledge acquired, as well as the amount of information it possesses, make Chile the most suitable country for the establishment of the Group's Headquarters.